

[illegible]

1. That Respondent, UBS Financial Services Inc. ("UBS"), is a Delaware corporation which maintains a business address of 1285 Avenue of the Americas, New York, New York and is a registered securities Dealer in the State of Illinois;
2. That UBS, through its registered representatives, sold certificates of deposit with a call feature ("callable CDs") to Illinois residents from 1996 to January 2001, and that certain of these callable CDs containing a step-down interest rate were the subject of several customer complaints;

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3. That the callable CDs sold by UBS are securities as that term is defined pursuant to Section 2.1 of the Act;
4. That the above-referenced sales of callable CDs were sales of securities as that term is defined in Section 2.5 of the Act;
5. That the Respondent:
 - i. Provided inaccurate and misleading account statements that reported the current value of callable CDs in clients' portfolios at par/face value; and
 - ii. Failed to implement and supervise measures to ensure that the information given to investors and potential investors regarding the features of callable CDs was accurate.
6. That Section 8.E(1)(e) of the Act provides, inter alia, that the registration of a dealer may be denied, suspended or revoked if the Secretary of State finds that the dealer has failed reasonably to supervise the securities activities of its salespersons and the failure has permitted or facilitated a violation of Section 12 of the Act, or the dealer has failed to maintain and enforce written procedures to supervise the types of business in which it engages and to supervise the activities of its salespersons that are reasonably designed to achieve compliance with applicable securities laws and regulations;
7. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the provisions of the Act to offer or sell any security except in accordance with the provisions of the Act;
8. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act; and
9. That by virtue of the foregoing, the Respondent is subject to a fine of up to \$10,000.00 per violation and an order which revokes the dealer registration of the respondent.

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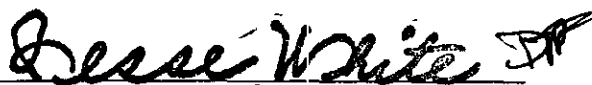
You are further notified that the Respondent is required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130.100 et seq.) (the "Rules"), to file an answer to the allegations outlined above, or a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty days of the receipt of this Notice. Respondent's failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives Respondent's right to a hearing.

Furthermore, the Respondent may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department is included with this Notice.

Delivery of the Notice to the designated representative of any Respondent constitutes service upon such Respondent.

ENTERED: This 25th day of February, 2005


JESSE WHITE
Secretary of State
State of Illinois

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